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POLITICAL DEVELOPMENTS IN THE FRY AND IN THE "NEAR ABROAD"

1998

Reneo Lukic

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Summary:

Yugoslavian president Slobodan Milosevic and his supporters remain in political control of the Federal Republic of Yugoslavia and Serbia, as well as in the Serb republic of Bosnia-Hercegovina. This persistence can be explained in large part by the weakness of the opposition, despite the victories of the *Zajedno* opposition coalition in the February 1997 elections, and the failure of the opposition to unite. Against this background, the results of the legislative and presidential elections in Serbia of December 1997 are examined.

POLITICAL DEVELOPMENTS IN THE FRY AND IN THE «NEAR ABROAD»

Renéo Lukic

1. INTRODUCTION

The recognition by the Serbian president, Slobodan Milosevic, on 4 February 1997, of the electoral victory of the opposition, organized in the *Zajedno* ("Together") coalition, raised hopes among many Serbs and observers of the Serbian polity that Milosevic's political death was imminent. These same observers hoped that *Zajedno* could become a national movement in the forthcoming legislative and presidential elections in Serbia, also to be held in the fall of 1997. In this essay we would, however, temper this optimism. We will argue that Milosevic, a cunning politician, has not only survived politically a winter of rioting and demonstrations in Belgrade, but is again in full control of the Federal Republic of Yugoslavia and Serbia as well. Between March and July 1997, Milosevic was able to neutralize a "rebellion" in Monenegro and get himself elected president of the Federal Republic of Yugoslavia (FRY). More importantly for Milosevic, the *Zajedno* coalition, his main political opponent, fell apart in June 1997. The opposition parties in Serbia have hindered their chances by neither understanding nor utilizing their strongest weapon: unity. Aleksa Djilas, a political analyst from Belgrade and son of the celebrated dissident, Milovan Djilas, is extremely critical of the behaviour of the opposition in Serbia. He has stated: "The strongest force that insures Milosevic's continued rule is the opposition. This is all their fault."[1]

In addition, Milosevic was able to secure a victory for his candidate, Milan Milutinovic, in the Serbian presidential elections which took place on December 7 and 21, 1997. The new president of Serbia, a former minister of Foreign Affairs, is a puppet of Slobodan Milosevic. Therefore, there is little chance that he will undertake political initiatives not approved by the president of the FRY.

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1. *The New York Times*, Chris Hedges, "Apathetic and Bitter, Serbs Select New Leader", September 21, 1997, p. 4.

The political influence of Slobodan Milosevic in the Serb Republic of Bosnia-Herzegovina is also very strong. Biljana Plavsic, president of the Serb Republic, cannot form a government without the support of the Socialist Party of the Serb Republic (SPSR), which is controlled by Belgrade.

All things considered, Slobodan Milosevic, after ten years in power, remains the most powerful politician in Serbia and in the FRY. He seems to be well poised to dominate political life in Serbia and in the FRY for the near future, since he was elected in July 1997 as president of the FRY for four years.

We will analyze the results of the legislative and presidential elections in Serbia. We will also analyze the results of the parliamentary elections in Serb Republic of Bosnia-Herzegovina, which are closely related to the results of the election in Serbia itself. We will also focus on the economic and refugee situation in the FRY in the aftermath of the presidential elections in Serbia.

Candidates and the results of the presidential elections in Serbia

The main candidates in the presidential elections in Serbia were: Zoran Lilic of the Socialist Party of Serbia, Vajislav Seselj, of the Serbian Radical Party and Vuk Draskovic of the Serbian Renewal Movement (SRM).

Zoran Lilic

Somewhat surprisingly Zoran Lilic, the former president of the FRY, has been selected as the presidential candidate for the SPS. As FRY president, Lilic was regarded as the puppet of the then Serbian president Milosevic. His main handicap is that he was too closely associated with Milosevic and completely dependent on him. An unnamed western diplomat on duty in Belgrade commented, elections, upon Zoran Lilic's impact on Serbian

polity in the following terms, "As a Serbian president, Mr. Lilic will be as powerless and irrelevant as he was when he was the old Yugoslav President."[2]

Vojislav Seselj

Following the November 1996 municipal elections, the chairman of the Radical Party, Vojislav Seselj, is also Mayor of the city of Zemun (adjacent to Belgrade and with 200,000 inhabitants). His party received 18 per cent of the national vote, just 3 per cent less than the *Zajedno* opposition coalition received. The good results obtained in the November 1996 elections have encouraged Seselj to enter the presidential race as the sole candidate of his Radical Party, although he may already have been indicted as a war-criminal on the secret list of the Tribunal in the Hague.

Vuk Draskovic

Since Vuk Draskovic created the Serbian Renewal Movement his political metamorphoses have been so frequent that it is hard to believe that same person could say, almost in the same breath, first one thing and then its opposite. Draskovic, in fact, does have a split political personality, well illustrated by Timothy Garton Ash, a fine analyst of East European politics, who wrote:

> Politically, he [Vuk Draskovic] is Dr Jekyll and Mr Hyde. When he talks about the past, about the atrocities committed by the Croat Ustashe during the Second World War, he is the old Mr Hyde, the writer whose fiery language helped to inflame Serb nationalist feelings in the 1980s. When he talks about the present, he is Dr Jekyll, swiftly hitting all the Western semantic keys - "human rights, "regional cooperation", "peaceful change", "the right of refugees to return to their homes" - but also referring with justifiable pride to his own record of opposition to Milosevic's war. Behind this Jekyll and Hyde there is the unmistakable silhouette of an old Sixty-

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2. *The New York Times*, Chris Hedges, "Apathetic and Bitter, Serbs Select New Leader", *ibid.*

Eighter, one of that last defining generation of student activists, now to be found in high places all over Europe."[3]

The first round of the presidential elections in Serbia took place on 21 September, 1997, the same day as the elections for the Serbian Parliament. 57.5 percent of the voters cast their ballots. Seventeen candidates participated in the presidential elections. Since no candidate won the necessary 50 percent majority straightway, the second round of voting took place on 5 October, 1997.

The candidate of the Socialist Party of Serbia, the Yugoslav Left and the New Democracy (SPS/YUL/ND), Zoran Lilic, a client of Slobodan Milosevic, won in the first round with 1,474,924 votes (37.7 percent). Vojislav Seselj, the chairman of the Serbian Radical Party (SRP), received 1,126,940 (27.28 percent), while Vuk Draskovic, the chairman of Serbian Renewal Movement (SRM), received only 852,808 (20.64 percent). Miodrag Mile Isakov received 111,166 (2.69 percent), while the former mayor of Belgrade, Nebojsa Covic, who had broken with the SPS, received 93,133, a little less than 2 percent.[4] The rest of the votes were distributed among twelve candidates.

In the second round of the presidential elections, which took place on 5 October, 1997, the two candidates who had received the most votes in the first round, namely Zoran Lilic and Vojislav Seselj, competed for the post of president of Serbia. In the second round, the turnout was 48.9 percent. Some 3,531,063 voters cast their ballots. Zoran Lilic received 1,691,354 votes, or 47.9 percent, while Vojislav Seselj received 1,733,859 votes or 49.1 percent.[5] This was a stunning victory for Seselj, and he righty considered himself

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3. T.G. Ash, "Serbia's Great March", *The New York Review of Books*, Vol. 44, No. 7 (24 April 1997), pp. 25-6

4. *Review of International Affairs*, [Belgrade], "Report of the Republican Election Committee", n° 1060 (September 15, 1997), p. 1.

5. *Review of International Affairs*, [Belgrade], "New Elections for the President of Serbia", n° 1061, (October 15, 1997), p. 39.

the moral victor of these elections. The presidential elections were nevertheless invalidated because of low turnout (under 50 percent). Lilic's main handicap is that he was too closely associated with Milosevic and completely dependent on him. In addition, Lilic lacks any charisma. This is a serious handicap for a candidate who runs the presidential campain that requires communication skills in mass rallies.

It is not within the scope of this paper to provide an in-depth analysis of the electoral preferences of the Serbian voters. The fact is that two charismatic leaders, Milosevic and Seselj, who have guided Serbian nationalism in the past ten years, remain the two most powerful and appealing politicians in Serbia. Milosevic, who toned down his virulent nationalism after signing the Dayton agreements, has conceded the terrain of demagogic populism to Seselj, who has promptly filled the void on the national and regional level, in *Republika Srpska*. One Serbian voter offered a simple and at the same time troubling explanation of her vote for Seselj: "Before, everybody voted for Milosevic — so I voted for Milosevic. Now, everybody votes for Seselj — so I vote for Seselj, too."[6]

Many foreign observers considered that the elections were unfair, but all were satisfied to learn that Seselj had not become the Serbian president. The U.S. envoy to Bosnia, Robert Gelbard, described Seselj as "a fascist we couldn't do business with."[7] Therefore, the international community, mainly Western governments, did not make much fuss over the outcome of the presidential elections. They did not send a commission to investigate electoral fraud, as they had done in the aftermath of the municipal elections of November 1996, when the coalition *Zajedno* won the elections, but was denied a victory, by Milosevic.

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6. *New Statesman*, [London], Steve Crawshaw, "The reign of bitter apathy", November 7, 1997, p. 26.

7. *The Globe and Mail*, [Toronto], Tom Walker, "Serb Extremist thwarted by Election Law, to Western relief", October 7, 1997, p. A-11.

Zoran Lilic, who had failed to win the presidential elections in September/October 1997, was replaced by another colorless bureaucrat, Milan Milutinovic, to head the list of the SPS/YUL/ND, for the new presidential elections, scheduled for December 7 and December 21, 1997. Milan Milutinovic, who was a foreign minister of the FRY before being chosen by Slobodan Milosevic to be the presidential candidate of the Left Block, is a proxy of Milosevic with no power base of his own. Milutinovic's main opponent was once again the chairman of the Radical Party, Vojislav Seselj. In the first round of presidential elections held on December 7, 1997, the turnout was 54 percent. Milutinovic received 43 percent of the votes, while his chief rival, Seselj, received 33 percent. Vuk Draskovic got 16 percent.[8] The first round confirmed the good showing of Seselj, who had been trailing Milutinovic. The outcome of the first round of the presidential elections in December was similar to the results of the first round in September, when Lilic and Seselj shared the bulk of the votes. In the second round of voting held on December 21, 1997, the turnout had been just above the 50 percent level necessary for validity.[9] The election commission said that Milan Milutinovic received 58.6 percent of votes, compared to the 38.1 percent for Vojislav Seselj.[10] According to Tom Walker, a correspondant of the London *Times*:

> "Television probably played a part in Mr. Seselj's downfall. The state channel broadcast a damning portrait of him an hour before the election media blackout. It showed selected highlights of Mr Seselj's parliamentary years, including him beating up opponents and pulling out a gun."[11]

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8. *Le Monde*, [Paris], Christophe Châtelet, "Milan Milutinovic remporte l'élection présidentielle en Serbie", December 23, 1997.

9. *The Times*, [London], Tom Walker, "Serb handliner debeated at fourth ballot", December 23, 1997, p. 11.

10. *Ibid.*

11. *Ibid.*

Milutinovic was sworn in as president of Serbia on December 29, 1997. During the following few weeks, Serbia will get a "new" government which will perpetuate Milosevic's hold on the country.

The results of the Parliamentary elections in Serbia in 1997

In the elections for the Serbian parliament that were held on 21 September 1997, 4,132,236 voters, or 57.5 percent of the electorate, numbering 7,132,236 voters, cast their ballot. Three political parties, which are also allies, form a left coalition in the Parliament: the Socialist Party of Serbia (SPS), Yugoslav Left (YUL) and New Democracy (ND) won 110 out of 250 seats, or 44 percent. The Serbian Radical Party (SRP), whose chairman is Vojislav Seselj, won 82 seats (32.8 percent), and the Serbian Renewal Movement, whose chairman is Vuk Draskovic, won 45 seats (18 percent). The Vojvodina Coalition, a small party from the region of the former autonomous Province of Vojvodina, won four seats (1.6 percent). The List for the Sandjak, led by Sulejman Ugljanin, whose supporters are almost all the Muslims from the region of Sandjak, won three seats (1.2 percent)[12]n. The rest of the seats went to minor parties that enjoy no significant influence on the political life in Serbia.

The coalition encompassing SPS, YUL and ND, controlled by the president of the FRY, Slobodan Milosevic, secured a dominant position in the Serbian Parliament. Even without an absolute majority in the Parliament, Milosevic's coalition is well poised to form a new Serbian government, or to continue with the present one. If the new president of Serbia, Milan Milutinovic decides to choose a new Prime Minister, he has several options. He can choose a Prime Minister among the SPS and ask him to form a minority government from among the SPS, YUL and ND members of Parliament. Such a governement would be unstable, since it would lack a majority in the Parliament. On the other hand, it is unlikely that the opposition (SRP and SRM) would challenge such a government, knowing that

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12. *Review of International Affairs*, [Belgrade], "Report of the Republican Election Committee", n° 1060 (September 15, 1997), p. 2.

behind it stands the president of Serbia and the president of the FRY who are both socialist. Serbia has a presidential system, and its constitution gives the president a great deal of power.

In our view, the leaders of the opposition parties, Seselj and Draskovic, have little to gain by challenging a government led by the SPS. It seems to us that SRP and SRM have reached, in the present constellation of political forces in Serbia, the ceiling of their parliamentary influence.

The next "best" option available to the Serbian president is an alliance between the SPS and the Serbian Radical Party. If this scenario materialized, Serbia would have a red-brown coalition in power at all levels of government (legislative, judiciary and executive). Such an alignment of political parties would represent a unique situation in Southeastern Europe. Romania and Bulgaria, have recently elected (both in 1996 and in 1997) new political leaders ready to head them towards a market economy, liberal democracy and European integration. If Serbia chooses either a minority (socialist) government or coalition with the Serbian Radical Party, it will remain the most isolated country in Europe.

A third option for the coalition SPS/YUL/ND is to enter into a coalition with the Serbian Renewal Movement. The chairman of the SRM, Vuk Draskovic, left the *Zajedno* coalition in the summer of 1997, and he seems to be ready to start dealing with Milosevic's coalition, to participate in the new government.

The fourth scenario available to Serbian president Milutinovic is to propose to all political parties represented in the Parliament to form a grand coalition. This is also a wish of Seselj who has stated: "We insist on a government of all four leading parties [SPS, YUL, SRP, SRM]".[13]

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13. *The Financial Times*, [London], Guy Dinmore, "Serb Radical leader proposes grand coalition", September 26, 1997, p. 3.

Whatever the outcome of the negotiations to form a new Serbian government, it is certain that such a government will represent a retrograde political coalition that will be shunned by both the western governments and international organizations.

The opposition coalition *Zejedno*, which had completely disintegrated by the time of the elections for the Serbian Parliament, finally boycotted the elections. It had also appealed to the Serbian voters, asking them not to participate in the elections. The coalition *Zejedno* deemed that tightly controlled media, and national TV in particular, had created a situation in which the opposition was unable to spread its message to the Serbian voters. The strategy of the opposition was to obtain a low turnout among Serbian voters (a rate of participation under 50 percent would have entailed the annulment of the elections). However, this plan backfired. The turnout was 57.5 percent. Thus, the failed boycott eliminated altogether a democratic opposition from the Serbian Parliament. The elections were also boycotted by the ethnic Albanian majority in Kosovo province. As a result, the new Serbian Parliament counts an unprecedented number of Serbian nationalists.

The results of the Parliamentary elections in the Serb Republic of Bosnia-Herzegovina

In July 1997, Biljana Plavsic, the president of the Serb Republic, dissolved Parliament. This move had been undertaken to undo the parliamentary majority of the SDS, which was following the orders of Radovan Karadjic with whom Plavsic was in open conflict about the future direction of the *Republika Srpska* (RS). *Plavsic* considered that in a given international environment the only way for *Republika Srpska* to survive politically and economicaly is to respect the Dayton accords. Plavsic understood that hard fact in May 1997 after having met with U.S. Secretary of State Madelaine Albright. Karadjic, on the other hand, could only survive, politically and physically, by keeping tensions high between RS and the international community.

In the elections for the Parliament of the *Republika Srpska* held on November 22-23, 1997, seven major political parties competed for 83 seats. The turnout was close to 70 percent.[14] The Serbian Democratic Party (SDS), still controlled by Radovan Karadjic, won 24 seats out of 83. The party program of the SDS rested on the rejection of the Dayton accords, which according to party leaders Momcilo Krajisnik and Aleksa Buha should be renogotiated or scraped altogether. Before the November elections the SDS had a parliamentary majority, which had been the case ever since the beginning of the war in Bosnia-Herzegovina. In spite of its relatively modest scoring when compared with the results of previous elections (45 seats), the SDS remains the most powerful political party within the Parliament of *Republika Srpska* (RS).[15]

The Serbian Radical Party (SRS) of Vojislav Seselj had more then doubled its seats to 15. Together, the SDS and SRS received 39 seats. In spite of similarities in their political programs, the SDS and SRP are unable to form a government because they lack a majority in the Parliament. The electoral success of the SRS in the Serb Republic of Bosnia-Herzegovina has shown that extreme ethnic nationalism still remains the most powerful political force in *Republika Srpska*. Instead of voting for SDS, whose chairman Radovan Karadjic is banned from public life because he was indicted for genocide and war crimes, the hard-line nationalists have switched their votes to the SRP. The latter shares the same political ideas with the SDS and both aimed to create a Greater Serbia. The good showing of the SRP in the November elections should temper the expectations of the international community which hopes that the moderate Bosnian Serbs are on the verge to take control of *Republika Srpska* (RS).

Plavsic's newly created party, the Serb People's Alliance, won 15 seats. The western governments, which gave strong financial and political backing to Plavsic and her

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14. *The New York Times*, Chris Hedges, "Results of Bosnian vote Fail to End Hard-Liner Rivalry", December 8, 1997, p. A-8.

15. *Le Monde*, [Paris], "Recul des ultranationalistes serbes", December 6-7, 1997, p. 2.

followers, were rather disapointed with the modest electoral gains of her party. The Serb People's Alliance did well in the city of Banja Luka, Plavsic's stronghold, but was completely marginalized in the eastern part of RS controlled by SDS. The Socialist Party of the Serb Republic (SPRS), controlled by the SPS, (and thus by Milosevic), won 9 seats. The Social-Democratic Party, whose chairman is Milorad Dodig, won 2 seats.[16]

The absentee ballots cast by Muslims expelled from their homes during the war by the Serbs saw 18 seats go to the Party of Democratic Action (SDA). After having received support from SPRS (thus from Milosevic), Plavsic stunned the international community when she won the support of the Muslims deputies who accepted to throw their support behind the government led by Milorad Dodig. The latter became the first politician in Bosnia-Herzegovina without direct links to one of the main nationalist parties which have dominated political life for the past seven years. With a slim majority (42 deputies) in the Parliament of RS, Milorad Dodig can govern in at least one half of *Republika Srpska*.[17] The prime minister and the president have transfered all institutions and ministries in Banja Luka with the help of the SFOR to prevent Karadjic supporters of highjacking these new institutions. It would not come as a surprise if the SDS and SRP form a parallel government in Pale, thus, denying legitimacy to Plavsic and prime minister Dodig.[18] Good electoral results for the Socialist Party of the Serb Republic (SPRS), which obtained 9 seats, have reinforced the role of Milosevic as a powerful regional broker. In effect, without Milosevic's active involment through his controll of the SPRS, Plavsic could not form a government.[19]

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16. *The New York Times*, Mike O'Connor, "West Seeing Payoff From Its Support for Flexible Leaders in Bosnia", January 24, 1998, p. A-4.

17. *Ibid.*

18. *The Globe and Mail*, [Toronto], Tom Walker, "New Bosnian Serb PM consolidates power", January 20, 1998, p. A-7.

19. *Le Figaro*, [Paris], Isabelle Lasserre, "Milosevic désavoue le clan Karadjic", January 20, 1998, p. 4.

Milosevic who was shown himself to be a fine tactician in the complex politics of shifting alliances in Balkan politics, remains, paradoxically as it may sound, together with SFOR a warrant of the stability in Bosnia. Although Milosevic presently supports the new government in RS, he keeps all channels of communication open with the hard-line faction led by Krajisnik-Karadjic.

The results of the presidential elections in Montenegro

The first round of the presidential elections in Montenegro took place on 6 October 1997. The rate of participation was 67.38 perccent. According to the official results released by the Republic Election Board, the incumbent president Momir Bulatovic received the plurality of votes, i.e., 147,615 or 47.45 percent. Bulatovic's challenger, prime minister Milo Djukanovic, received 143,348 ot 46.72 percent.[20] As neither candidate won an absolute majority, a second round of voting was held on 21 October. In the second round Djukanovic won 174,176 votes and Bulatovic 168,864.[21] A victory based on such a slim majority, foretells a difficult presidency for Djukanovic. The election of Djukanovic is a setback for Milosevic. Bulatovic has been a solid political ally of Milosevic since 1989, and there is no doubt that Milosevic regrets his departure. The "cohabitation" between Milosevic and Djukanovic will be uneasy. Political adversaries usually find it difficult to share power. It seems to us that Milosevic can nevertheless induce Djukanovic into powersharing agreements badly needed to govern a divided and polarized Montenegro and the FRY. When asked what he thinks about the president of FRY, Djukanovic stated:

> "There are two opposing concepts in Yugoslavia. There is the one I stand for — full democratization — which undermines the other

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20. *Review of International Affairs*, [Belgrade], "Elections in Montenegro", n° 1061, October 15, 1997, p. 40.

21. *The Financial Times*, [London], Guy Dinmore, "Milosevic ally accuses rival of rigging election", October 22, 1997, p. 3.

> concept of the charismatic leader. I stand for radical economic change and privatization, an open state toward the world. As opposed to this, Milosevic's option is marked by the strong autocratic personality, quite counterproductive. Time is on my side."[22]

Economic conditions of the FRY

Between the summer of 1992 and October 1996, the FRY was under a regime of international economic sanctions imposed by the UN Security Council because of its responsibility for the war in Bosnia-Herzegovina. Although trade sanctions were lifted in October of 1996 in the aftermath of the signing of the Dayton and Paris agreemments (November/December 1995), the FRY remained financially isolated from the IMF, World Bank and other financial and trade institutions by the "outer wall" of sanctions imposed by the Western governments. Exclusion from international trade organizations such as the WTO also crippled the country's ability to re-integrate into world markets. In addition, the European Union withdrew trade preferences for the FRY late last year to punish Belgrade for its reluctance to speed up reforms, democratisation and improvement of human rights. The trade benefits had included offering duty-free access to the EU and eliminating restrictions on imports of industrial products from Yugoslavia. As a result, independent experts have estimated that Serbia and Montenegro stand to lose up to USD 250 million in sales in Western Europe this year. Last year, Yugoslav exports to the EU totalled USD 850 million, or 50 percent more than in 1996.[23] In short, Serbia is nearly bankrupt. Its foreign-exchange reserves have dwindled to about $200m, not enough to pay for a month's imports. About a quarter of the workforce is unemployed, and industrial output is still well below its pre-war level.

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22. *The Globe and Mail*, [Toronto], Interview with Milo Djukanovic, "Leader may begin new wave in Balkans", October 24, 1997.

23. *New Europe*, [London], 11-17 January, 1998, p. 32.

On the other hand, the European Union has decided that the trade preferences for Bosnia and Croatia that were set to expire December 31, 1997 would be renewed for 1998.[24] This decision by the European Union will hinder the economic recovery of the FRY even more. The FRY suffers huge structural problems related to its outdated industries and the loss of its markets in the last five years. The decision taken by the EU to withdraw trade preferences from the FRY could be traced back to the walkout by Yugoslav and Bosnian Serb delegates from an international meeting of the Peace Implementation Council, which was held in Bonn in December 1997 to promote peace and reconstruction in Bosnia-Herzegovina. The walkout came shortly before the end of the conference which grouped 51 countries, because in their final communiqué the organizers of the conference made reference to "increasing ethnic tensions in Kosovo".[25] Yugoslav delegates and the Bosnian Serb delegation, including Momcilo Krajisnik and Biljana Plavsic, construed the reference to Kosovo as interference in the internal affairs of the FRY, and in a show of solidarity they left the conference along with the Yugoslav diplomats. The current economic situation in the FRY depends heavily on its present and future foreign policy orientations. Particularly, the relations between the FRY and its "near abroad" (Bosnia-Herzegovina) will be carefully monitored by the international community. Any substantial improvement of the economic ties between the FRY and western governments will require the following changes in the domestic policy of the FRY:

First, the Serbian and federal government must change their policy toward national minorities, particularly the ethnic Albanians in Kosovo. Second, the FRY has to show a readiness to deliver indicted war criminals to the ICT [Y] in Hague. Without these modifications in the foreign and domestic policies of the FRY, it is unlikely that the "outer

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24. *The Washington Post*, [Washington, D.C.], "EU to drop Privileges to Yugoslavia", December 31, 1997, p. A-15.

25. *The New York Times*, "Serbs Pull Out of Talks on Bosnia to Protest Warning on Kosovo", December 11, 1997, p. A-13. See also *Le Monde*, [Paris], "Les Serbes ont claqué la porte de la conférence de Bonn sur la Bosnie", December 12, 1997, p. 3.

wall of sanctions", imposed by the western governments and closely monitored by the US Government, will be lifted. These changes, if adopted by the federal government, would help the FRY to join western financial institutions. Nevertheless, the Serbian Government has to speed up the process of privatization of the economy if really wants to open up Serbian economy to foreign markets. Montenegro under the new leadership of M. Djukanovic is moving much faster in this direction. Only full integration of the Serbian economy in the European market can bring prosperity. It goes without saying that changes in the foreign and domestic policies of the FRY such as listed above would create a better environment for much needed economic reforms.

While the Central European States like Hungary, Poland and Slovenia introduced radical economic reforms at the begining of the process of post-communist transition, the FRY for years kept the old socialist economic system in place. Yet, as Serbian social scientists Mladen Lazic and Laslo Sekelj have written "without genuine transformation of property relations it is hardly imaginable that the power structure of the *ancien regime*, i.e., state socialism, has really been changed".[26] In other words, the government of Serbia, and to a lesser extent the government of Montenegro, refused for years to begin the process of privatization of the economy, which is the only way to separate political and economic power in a given state.

In resisting the process of privatization of their economies, the socialist elites in the FRY were able to solidify their hold on the country. Instead of privatizing the economy, the government of the FRY began, after 1992, the process of *statization* of the social property. This was in reality a process which made the state the "new" owner of the most important enterprises in the country. During the period of self-management in Yugoslavia (1953-1991), the state was not the owner of the means of production. The enterprises were owned in theory by the workers through the institutions of "self-management".

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26. Mladen Lazic and Laslo Sekelj, "Privatization in Yugoslavia (Serbia and Montenegro)", *Europe-Asia Studies*, vol. 49, no. 6 (September 1997), p. 1057.

However, in 1992 the government of the FRY began the process of the transformation of property relations, making these socially owned enterprises the property of the state. This is the essence of the process of the *statization* of social property undertaken by the socialist governments in the FRY after the disintegration of Yugoslavia. In light of these brief analyses of the causes of the economic difficulties in the FRY, it is obvious that a significant improvement of the economic situation in the FRY would require a radical shift in foreign policy as well as the beginning of a process of massive privatization of the economy.

The plight of the refugees in the FRY

Between April and June 1996, the government of the FRY conducted a census of refugees residing on its territory. According to the official data, released by the FRY government, there were 566,000 refugees in the FRY: 28,000 in Montenegro and 538,000 in Serbia.[27] Mrs. Jovanka Travar, a Secretary of the Ministry for Ties with Serbs in migration, considers these data reliable and still relevent even though they were collected in 1996.[28] This implies that the number of refugees in the FRY remains stable and that only small fraction was able to return to their homes. Of the 537,937 refugees located in the Republic of Serbia, 232,944 came from Bosnia-Herzegovine — 47,909 being from the Republika Srpska and the rest frm the Croat-Muslim Federation. A total of 290,667 refugees are from the Republic of Croatia. Of this number, 189,000 have the status of exiles who had fled Croatia after 5 August 1995, following the Croatian military intervention in the Krajina. The Republic of Serbia has resetled its refugees in the following areas: Vojvodina received 229,811, or 42.7 percent of the total amount; the city

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27. *Review of International Affairs*, [Belgrade], "Refugees and displaced persons in the Federal Republic of Yugoslavia, n° 1060 (September 15, 1997), p. 38.

28. *Review of International Affairs*, [Belgrade], Jovanka Travar, "Exercise of Rights and the Legal Protection of Refugees in FR Yugoslavia", n° 1061, (October 15, 1997), p. 36.

of Belgrade, with suburbs and adjacent towns, 148,367, or 26.1 percent; Central Serbia (Šumadija), excluding Belgrade, 148,367, or 27.6 percent. The Kosovo received 19,097, or 3.6 percent of all the refugees and exiles.[29] Voluntary repatriation of the refugees from the FRY to their countries of origin was, during the period that followed the census, rather negligible. By the end of February 1997, 581 people had been assisted by UNHCR to repatriate from the FRY to Croatia. In addition, the Croatian authorities have issued return papers to some 12,000 individuals. Of these, UNHCR office in Croatia estimates that some 3,000 have actually returned.[30]

The repatriation of the refugees to Bosnia-Herzegovina was also rather symbolic. By the end of February 1997, 815 individual refugees had been assisted by UNHCR to return to their homes.[31]

The future repatriation of the refugees from the FRY to their countries of origin will depend, in the first place, on the pace of political normalization between Serbia and its neighbours, Croatia and Bosnia-Herzegovina. An other way to improve the life of the refugees in the FRY is to speed up their integration in the country itself. This means to opt for their economic integration, which in fact would transform them into citizens of the FRY. These prospects are already considered by many refugees in Serbia who do not want to return to Croatia or to the Croat-Muslim Federation. This option, if chosen by the Serbian government requires a healthy economic situation in the FRY, and this presently is not the case. In the final analysis, the refugees in the FRY remain a hostage of the Belgrade's foreign policy. Only a cooperative FRY foreign policy toward its "near abroad" (Bosnia-Herzegovina and Croatia) will induce the international community to lift the "outer wall" of sanction, still imposed on the FRY. At the same time, the normalization of political

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29. *Ibid.*

30. "Refugees and displaced persons...", *op. cit.*, p. 38.

31. *Ibid.*, p. 38.

relations between the FRY and its neighbours will accelerate the repatriation of refugees to Bosnia and Croatia.

Conclusion

Between February and June of 1997, Milosevic was an extremely vulnerable president of Serbia. Two main forces were working towards his downfall: in Serbia the *Zajedno* coalition, and in Montenegro Prime Minister Djukanovic with his followers as well as the Montenegrin opposition. However, disunity within *Zajedno* and later its disintegration gave Milosevic a substantial breathing space, and thus room to manoeuvre. Once *Zajedno* began to disintegrate, Prime Minister Djukanovic, who was too weak to confront Milosevic and his president Bulatovic alone, began to soften his criticism of Milosevic. The election of Milosevic as president of the FRY gave him a boost and a momentum which he used to promote his candidate for the presidential elections in Serbia. Milosevic's candidate Milan Milutinovic won the presidential election in Serbia, in December 1997. Although Milo Djukanovic also won the presidential elections in Montenegro, the overall balance of political forces in the FRY remain strongly in favor of Slobodan Milosevic, who once again is a central figure in Balkan politics.

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